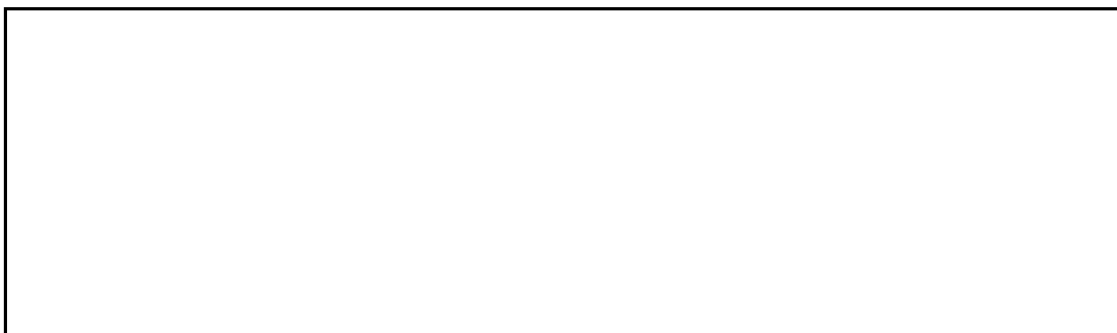


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Norwegian Aid to Portugal

Talks are being held this week in Oslo and Lisbon to discuss Norwegian aid to Portugal.

A Portuguese negotiating team arrived in Oslo on February 3 to work out the details of increased trade between the two countries. The Portuguese hope to ease Norwegian import restrictions on certain Portuguese items, particularly wine, and would like to import Norwegian cod. The Portuguese are also seeking technical assistance in the fields of forestry, taxation, control of public expenditures and tourism, as well as aid in oil exploration.

The five-man Norwegian mission in Lisbon will study ways to bolster the troubled Portuguese fishing industry.

Concern that the Portuguese Socialists may be outdistanced by the well-organized Communists is the stimulus for the Norwegian aid. This fear, along with a desire to demonstrate the solidarity that exists between the ruling Norwegian Labor Party and the Portuguese Socialists, is likely to lead to further economic cooperation.

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Latest Giscard-Schmidt Meeting Confirms  
Close Working Relationship

In their summit meeting earlier this week, President Giscard and Chancellor Schmidt confirmed the close working relationship they are promoting as the motor for European cooperation. The hallmark of their relations continues to be an emphasis on particular issues, not on advances in community institutions.

The leaders' sensitivities to each other's problems was evident in the summit's principal agreement--support of a preparatory meeting next month for the consumer-producer conference that France has advocated. The French conceded the need for US agreement before invitations are sent, and showed a cooperative attitude in dealing with questions related to the International Energy Agency. The Germans were acutely aware of the domestic political importance Giscard attached to getting movement towards a consumer-producer meeting in order to forestall Gaullist attacks of having sold out to the US on energy matters.

On the crucial question of Britain's renegotiation of its EC membership terms, the two leaders evidently want the UK to remain in the community. Both sides nevertheless want to modify the EC Commission's latest proposal for a budgetary formula that would give the UK a break on community contributions. Paris especially will continue to insist that certain funds deemed to belong to the community not be touched.

Several differences were evident on agricultural prices, but the French seem to think early agreement is likely. Bonn still remains concerned that Paris will introduce national measures that could

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lead to severe overproduction. [REDACTED]

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[REDACTED]

The French press, picking up a recent public remark by Giscard, has in fact been speculating about a more liberal French approach to EC farm production. This would stress greater exports outside the community and imply reduced protection for relatively less efficient producers--such as the Germans.

Little time in the discussions was devoted to pondering the "future of Europe." Both leaders believe that political cooperation should be pursued in areas outside the EC treaties and that frequent, unencumbered heads-of-government sessions are needed. The two agree that a supra-national Europe is an ultimate goal that can only evolve gradually from cooperation among the states. [REDACTED]

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West Europeans in Mood to Compromise at CSCE

The major West European powers, although unwilling to abandon their most important goals at the European security conference in Geneva, are weary of the proceedings and clearly in a mood to compromise. The softening applies even to humanitarian cooperation issues, on which the West Europeans have been particularly stubborn.

The West Europeans probably feel that prolonging the conference beyond this summer will not help extract concessions from the Soviets. Should the Soviets continue to be intransigent on practically all conference issues, the West Europeans might again stiffen their attitude rather than appear to be making massive concessions.

However, the desire for an improvement in bilateral relations with the Soviets has already undermined the possibility of taking a tough stand at the conference. At the meeting between Giscard and Brezhnev in December, for example, the French made every effort to be as forthcoming as possible and came close to agreeing to the Soviet demand that the security conference conclude at the summit level. The British, preparing for Wilson's visit to Moscow later this month, have suggested to the other West Europeans a number of possible Western concessions.

The British and French now are showing great interest in ending the working phase of the conference soon and have become less

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insistent on issues such as the freer movement of people and ideas between East and West. The French are still standing fast on one of their pet proposals, the establishment of foreign libraries and reading rooms. They may be holding out in part to emphasize the independence of their diplomacy and to underline their view that the conference is not a bloc-to-bloc affair.

Of the other West European participants, only the Netherlands is still pursuing a hard line on humanitarian cooperation issues.



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